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What's Shaping Agriculture in 2015

Moderator: Chip Flory
 Panelists: Ted Seifried – Zaner Group
 Kelvin Leibold – Iowa State University
 Mike Rahm – The Mosaic Company







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CORN

Production

- Lower acreage due to low price and high input cost
- Cost-cutting on inputs equals lower yields?

Demand

- Exports
- Ethanol
- Feed





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SOYBEANS


Production


- Large South American crop / record world stocks
- Another record US planted acreage

Demand

- Exports
- Crush













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Preserve Working Capital

- Cut costs where it makes sense
 - Communicate with landlords – even 2015 rent
 - Evaluate flexible rent arrangements (not new)
- Restructuring debt
 - Take the lead
- Focus on your financial records
 - Have others look at your “operation”











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Less Revenue in 2015

- Substantially less revenue in 2015
 - Understand the Farm Bill payments
 - Know your family living costs
- “Right sizing” moves into Ag
- Recent \$\$\$ commitments may be hard to support
- Interest rates





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Volatility

- Grain prices
 - Use marketing tools
- Rents
- Machinery values






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2015 Provides New Opportunities

- There will be bargain land sales
- More farmers will exit the industry
 - Retirements and semi-retirements
 - Forced – yet this year or in 2016
 - Voluntary sales
- More land to rent
- Use of technology to calculate P/L potential

IOWA STATE UNIVERSITY
Extension and Outreach







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Safe Harbor

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about the Northern Promise Joint Venture, the acquisition and assumption of certain related liabilities of the Florida phosphate assets of CF Industries, Inc. ("CF") and Mosaic's ammonia supply agreements with CF; repurchases of stock; other proposed or pending future transactions or strategic plans and other statements about future financial and operating results. Such statements are based upon the current beliefs and expectations of The Mosaic Company's management and are subject to significant risks and uncertainties. These risks and uncertainties include but are not limited to risks and uncertainties arising from the ability of the Northern Promise Joint Venture to obtain additional planned funding in acceptable amounts and upon acceptable terms, the future success of current plans for the Northern Promise Joint Venture and any future changes in those plans; difficulties with realization of the benefits of the transactions with CF, including the risks that the acquired assets may not be integrated successfully or that the cost or capital savings from the transactions may not be fully realized or may take longer to realize than expected, or the price of natural gas or ammonia changes to a level at which the natural gas based pricing under one of the long term ammonia supply agreements with CF becomes disadvantageous to Mosaic; customer defaults; the effects of Mosaic's decisions to exit business operations or locations; the predictability and volatility of, and customer expectations about, agriculture, fertilizer, raw material, energy and transportation markets that are subject to competitive and other pressures and economic and credit market conditions; the level of inventories in the distribution channels for crop nutrients; changes in foreign currency and exchange rates; international trade risks and other risks associated with Mosaic's international operations and those of joint ventures in which Mosaic participates, including the risk that protests against natural resource companies in Peru extend to or impact the Miski Mayo mine; changes in government policy; changes in environmental and other governmental regulation, including greenhouse gas regulation, implementation of numeric water quality standards for the discharge of nutrients into Florida waterways or efforts to reduce the flow of excess nutrients into the Mississippi River basin, the Gulf of Mexico or elsewhere; further developments in judicial or administrative proceedings, or complaints that Mosaic's operations are adversely impacting nearby farms, business operations or properties; difficulties or delays in receiving, increased costs of or challenges to necessary governmental permits or approvals or increased financial assurance requirements; resolution of global tax audit activity; the effectiveness of Mosaic's processes for managing its strategic priorities; adverse weather conditions affecting operations in Central Florida, the Mississippi River basin, the Gulf Coast of the United States or Canada, and including potential hurricanes, excess heat, cold, snow, rainfall or drought; actual costs of various items differing from management's current estimates, including, among others, asset retirement, environmental remediation, reclamation or other environmental regulation, Canadian resources taxes and royalties, the liabilities Mosaic assumed in the Florida phosphate assets acquisition, or the costs of the Northern Promise Joint Venture, its existing or future funding and Mosaic's commitments in support of such funding; reduction of Mosaic's available cash and liquidity, and increased leverage, due to its use of cash and/or available debt capacity to fund share repurchases, financial assurance requirements and strategic investments; brine inflows at Mosaic's Esterhazy, Saskatchewan, potash mine or other potash shaft mines; other accidents and disruptions involving Mosaic's operations, including potential mine fires, floods, explosions, seismic events or releases of hazardous or volatile chemicals, as well as other risks and uncertainties reported from time to time in The Mosaic Company's reports filed with the Securities and Exchange Commission. Actual results may differ from those set forth in the forward-looking statements.







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Top Producer
SEMINAR

The Mosaic Company

Phosphate

Potash

90 Million Tonnes Raw Ore

23 Million Tonnes Refined Ore

17 Million Tonnes Finished Products





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Top Producer
SEMINAR

Mostly Unpredictable Variables

1. Mother Nature
2. A Stronger Dollar
3. Lower Oil/Energy Prices







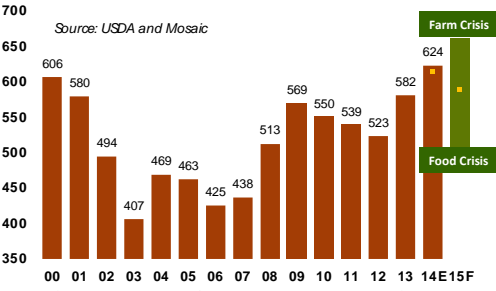
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Mother Nature

World Grain & Oilseed Stocks

Source: USDA and Mosaic




Year	Stocks (Mill Tonnes)
00	606
01	580
02	494
03	407
04	469
05	463
06	425
07	438
08	513
09	569
10	550
11	539
12	523
13	582
14	624
15F	624

Legend: ■ USDA ■ Mosaic 2015/16 Range ■ Mosaic Medium Scenarios

2015/16 Grain and Oilseed Scenario Assumptions


	Low	Medium	High
Harvested Area Change	0.00%	0.25%	0.50%
Yield Deviation from Trend *	Largest Negative	At Trend	Largest Positive
Demand Growth	2.00%	2.40%	2.80%

* Trend yield for 2000/01 to 2013/14 crop years.
Source: Mosaic.



Farming with Spreadsheets

- Wide range of potential outcomes in 2015/16.
- One blockbuster harvest away from a farm crisis.
- One crop disaster away from a food crisis.
- Trend use + trend yield = stock drawdown.
- Long-term food story still intact.





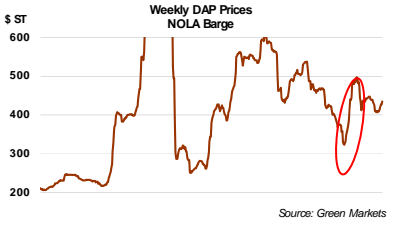


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Mother Nature Impacts Our Business Too

Weekly DAP Prices NOLA Barge




Source: Green Markets



2014 Examples

- Long loading delays out of Morocco in Q1 due to 30' swells at the main port of Jorf Lasfar.
- These delays coupled with early buying by South American distributors contributed to the sharp rebound in phosphate prices in Q1 last year.
- The severe winter in North America last year exacerbated the impact of changes in railroad business models.
- At one end of the supply chain, Saskatchewan potash producers were forced to shut down due to full warehouses. At the other end, retailers had little or no product in sheds to meet demand.







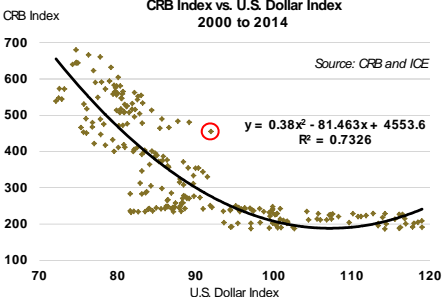
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A Stronger Dollar

**CRB Index vs. U.S. Dollar Index
2000 to 2014**


Source: CRB and ICE




$y = 0.38x^2 - 81.463x + 4553.6$
 $R^2 = 0.7326$

○ - January 2015

- There is a negative correlation between the trade-weighted dollar index and the CRB index.
- A stronger dollar increases the local currency cost of an imported commodity as well as the local currency price of an exported commodity. As a result, the dollar price often is pressured lower because import demand wanes and/or export supply increases.
- In big round numbers, the dollar index has increased from 80 in 2014 Q2 to more than 91 so far in 2015 and the CRB index has declined from 555 to 455 at the same time
- This analysis indicates that a dollar index of 91, on average, would correlate with a CRB index of 287!









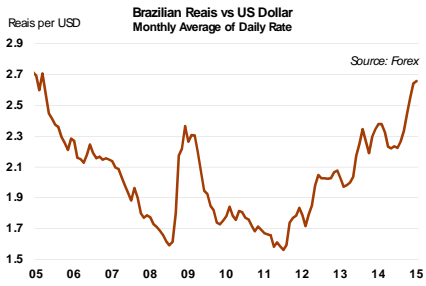
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A Stronger Dollar: Different Impact Depending on Region

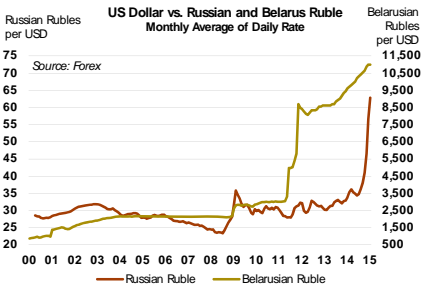
**Brazilian Reals vs US Dollar
Monthly Average of Daily Rate**

Source: Forex



**US Dollar vs. Russian and Belarus Ruble
Monthly Average of Daily Rate**

Source: Forex



The Brazilian *real* has depreciated almost 20% since the middle of last year. The weaker *real* increases the local currency cost of dollar-based P&K imports, other things equal, but the local currency gain from exporting soybeans, soybean products, sugar, coffee and other crops in dollars more than makes up for the higher local currency cost of imported inputs and bolsters planted area and plant nutrient demand prospects this year.

The Russian ruble has plunged 45% or from roughly 34 per dollar in mid-2014 to about 62 today. Domestic P&K producers pay the majority of their production costs in rubles. As a consequence, the freefall of the ruble enhances profitability of Russian producers as long as the currency weakens at a faster rate than inflation and other cost pressures and enables these producers to compete aggressively around the globe.






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Lower Oil/Energy Prices: Several Potential Impacts

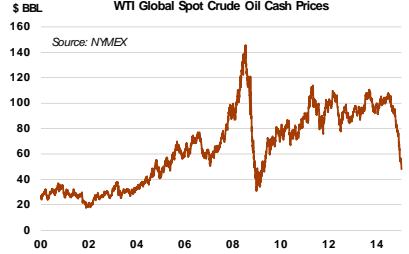
- Lower costs along the entire supply chain.
- Greater implications for nitrogen:
 - Highly energy intensive.
 - Some European natural gas prices tied to oil prices.
 - Potential spillover impact on NA natural gas?
- Windfall for petroleum importing countries:
 - Macroeconomic stimulus.
 - Impact on Indian NPK subsidies.
- Biofuels at risk (or at least further growth)?




WTI Global Spot Crude Oil Cash Prices

\$ BBL

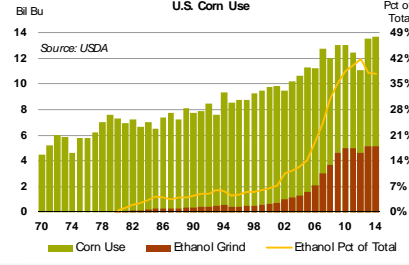
Source: NYMEX





U.S. Corn Use

Source: USDA







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Closing Comment

New NPK Capacity Capital Costs

Project	CAPEX (bil \$)
N - CHS, Spiritwood, ND	\$3.0
P - Wa'ad al Shamal, Saudi Arabia	\$7.5
K - K+S Legacy, Bethune, SK	\$3.6
Total	\$14.1

The \$14.1 billion investment to build new world scale NPK projects would buy 1.8 million acres of Iowa farmland or 13% of the 13.2 million acres of corn planted in the state last year.

This assumes an average cost of \$7,943 acre (the 2014 ISU farmland value survey).

